

**AGENDA**  
**FREMONT REDEVELOPMENT AGENCY REGULAR MEETING**  
**JUNE 2, 2009**  
**7:00 P.M.**

**1. CALL TO ORDER**

**2. CONSENT CALENDAR**

*Items on the Consent Calendar are considered to be routine by the Redevelopment Agency and will be enacted by one motion and one vote. There will be no separate discussion of these items unless an Agency Member or citizen so requests, in which event the item will be removed from the Consent Calendar and considered in its normal sequence on the agenda. Additionally, other items without a "Request to Address the Redevelopment Agency Board" card in opposition may be added to the consent calendar. (In the report section of the agenda, consent items are indicated by an asterisk.)*

*2.1 Approval of Minutes – None.*

**3. PUBLIC COMMUNICATIONS**

3.1 Oral and Written Communications

**4. PUBLIC HEARINGS**

4.1 FY 2009/10 REDEVELOPMENT AGENCY BUDGET FIRST PUBLIC HEARING  
First Public Hearing (Published Notice) Regarding Redevelopment Agency Annual Budget for FY 2009/10 and Approval of Appropriations for Redevelopment Projects

Contact Person:

Name:	Irene Klebanivska	Elisa Tierney
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RECOMMENDATIONS:

1. Hold a public hearing.
2. Provide direction as needed on issues pertaining to the FY 2009/10 proposed Redevelopment Agency budget.

**5. OTHER BUSINESS**

5.1 Report Out from Closed Session of Any Final Action

5.2 CENTER THEATER: CENTER THEATER PRESERVATION GROUP AND VENUETECH PRESENTATION

Presentation of Business Plan Jointly Prepared by the Center Theater Preservation Group and the VenueTech Management Group for the Center for Investment in the Arts and Further Discussion of Future Plans for the Center Theater

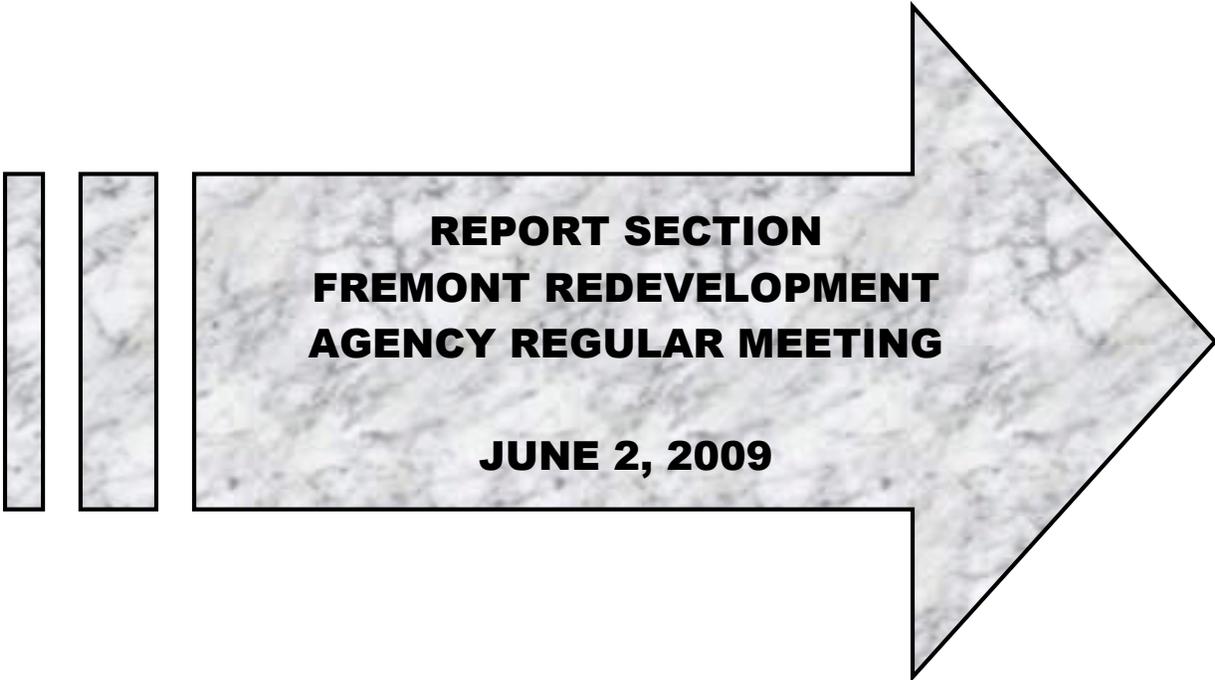
Contact Person:

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Title:	Project Manager	Redevelopment Agency Director
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RECOMMENDATION: Staff recommends that the Agency Board receive the business plan and provide input to staff. Next steps could include:

1. Continue meetings with the CTPG and other interested members of the community to review concepts and the associated estimates of construction and operating costs to determine viable alternatives.
2. Seek input from potential operators to assist in evaluating interest in the concepts.

**6. ADJOURNMENT**



**REPORT SECTION  
FREMONT REDEVELOPMENT  
AGENCY REGULAR MEETING**

**JUNE 2, 2009**



**4.1 FY 2009/10 REDEVELOPMENT AGENCY BUDGET FIRST PUBLIC HEARING  
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**Executive Summary:** Pursuant to California Redevelopment Law, the Redevelopment Agency must formally adopt an annual budget. The Redevelopment Agency's budget is incorporated as a component of the City's budget document, for which a public hearing is scheduled on tonight's City Council agenda. Staff recommends the Agency Board hold a public hearing on the Agency's FY 2009/10 annual budget as required by State law. The Agency Board will consider adoption of the budget at a second public hearing on June 9, 2009.

**BACKGROUND:** California Redevelopment Law requires each redevelopment agency to prepare and adopt an annual budget. As in past years, the Redevelopment Agency's proposed budget resolution will adopt the City's budget policies for Redevelopment Agency use to the extent applicable and otherwise allowable by law. The Redevelopment Agency's budget is included for informational purposes in the City's operating budget document. This is more convenient than maintaining a separate document because the Redevelopment Agency's activities share a close relationship with those of the City.

**Operating Budget:** The operating budget (Exhibit 1) reflects revenues and expenditures for the Redevelopment Agency for FY 2009/10. Total property tax increment revenues are budgeted for FY 2009/10 at \$36.3 million. Pursuant to State law, 20% of the total property tax increment (\$7.3 million) will be set aside in the Affordable Housing Fund.

The total amount of proposed new project appropriations in FY 2009/10 is \$13.3 million for both housing and non-housing purposes. The Agency does not anticipate new appropriations for regional transportation projects and intends to invest the entire amount of FY 2009/10 non-housing appropriations in the project areas of Niles, Irvington, and Centerville.

For FY 2009/10, the Agency does not anticipate adding any new staffing for implementing its affordable housing programs and non-housing activities. With respect to the Redevelopment Agency debt, staff is monitoring the collection of tax increment to ensure that all bonds are repaid when the tax increment cap is reached (currently projected to be FY 2011/12). The Redevelopment Agency bonds contain call provisions, beginning in FY 2006/07, to ensure that all bonded indebtedness is repaid prior to reaching the tax increment cap. All of the taxable housing bonds were called in FY 2008/09.

**Project Work Program:** The summary appropriations for redevelopment and affordable housing for FY 2009/10 of \$24,909,836 and \$6,307,329, respectively, include appropriations for the Redevelopment Agency's work program. The Project Work Program summaries for each subcategory are included below,

and list projects for which the Redevelopment Agency is requesting new project appropriations for FY 2009/10. These are not complete lists of all previously funded Agency projects, and some previously funded projects, such as Phase 1B of the I-880/Mission Boulevard Interchange, and the Washington Boulevard Grade Separation, may still be underway. Project appropriations remain in effect for the duration of the project.

Due to the fact that the Agency anticipates reaching its Industrial Area revenue cap during FY 2011/12, many of the Agency's expenditures have been limited to completion of existing projects rather than undertaking new initiatives.

**Non-Housing:** This year's Project Work Program includes \$8.1 million of new, non-housing project appropriations. The Agency does not anticipate any new appropriations for regional transportation projects and intends to invest the entire amount of new FY 2009/10 non-housing appropriations in the historic districts of Centerville, Irvington and Niles. More detail about these new non-housing appropriations is included later in this report.

**Housing:** The Housing portion of the Project Work Program includes expenditures for affordable housing projects and programs that are funded in part by \$16.5 million in housing bonds issued by the Agency in June 2003.

Project Name	(Dollars in Thousands)		
	FY 2008/09 Appropriations	Estimated Actual 6/30/2009	Proposed FY 2009/10 Appropriations
Apartment Acquisition and Rehabilitation	\$ 200	\$ 200	\$ 200
First Time Home Buyer Program	1,000	1,000	1,000
Neighborhood Home Improvement Program	400	400	250
Preservation of Affordable Housing	300	100	100
Implementation of Inclusionary Housing Ordinance	0	200	200
New Construction of Affordable Housing	4,000	10,801	2,500
Opportunity Fund/Contingency	<u>500</u>	<u>500</u>	<u>1,000</u>
<b>TOTAL</b>	<b><u>\$6,400</u></b>	<b><u>\$13,201</u></b>	<b><u>\$5,250</u></b>

This year's Project Work Program includes \$5.3 million of new appropriations for housing. Of this, \$1.75 million will be committed to various ongoing programs and projects, including the First Time Homebuyer Program, the Neighborhood Home Improvement Program, and the Apartment Acquisition and Rehabilitation Program, as well as funding for preservation of existing affordable housing. An

estimated \$2.5 million is available to support affordable housing developments, and \$1.0 million will be set aside for the opportunity fund/contingency.

**Redevelopment Agency Project Highlights:** In the past, the Agency’s established order of funding priorities is debt service, affordable housing, completion of regional transportation projects, and strategic investments in the historic districts. The proposed Project Work Program was developed in alignment with the Agency’s adopted Five-Year Implementation Plan for the period of July 1, 2008 - June 30, 2013. The Five-Year Implementation Plan calls for investments in programs that attract new businesses and support performance of existing businesses in the project areas, enhance the appearance and function of private properties in project areas, invest in public infrastructure, and eliminate blight. A brief summary of the Work Program highlights follows.

**Regional Transportation:** Although no new appropriations are included for the Washington Boulevard Grade Separation project, this project remains a focus for the Agency and the City as the largest public works project in the City’s history. Construction of the Washington Boulevard Grade Separation project commenced in May 2007, and is well underway, with completion anticipated by fall 2009, a year ahead of schedule. This project will facilitate traffic flow through the Irvington Redevelopment Area, facilitate the extension of BART to Warm Springs and San Jose, and support the revitalization of the commercial and retail areas in the Irvington district.

***Strategic Investments in the Historic Districts***

**Centerville:** The primary focus in the Centerville Area in recent years has been the assembly of the six-acre Centerville Unified Site as a public/private partnership development that will focus on creating a mix of uses and an architectural design consistent with the character of Centerville. The Agency has appropriated nearly \$16.9 million to assemble, remediate, and pay for public improvements associated with the site. Over the course of FY 2009/10, the Agency will continue its focus on this project by negotiating a disposition and development agreement with the developer, recommending a development plan to the Agency Board, and commencing the entitlement process for the new development.

Project Name	(Dollars in Thousands)		
	FY 2008/09 Appropriations	Estimated Actual 6/30/2008	Proposed FY 2009/10 Appropriations
Street and Sidewalk Improvements to Joseph Street	\$800	\$478	\$1,100
Peralta Blvd Undergrounding of Utilities	--	--	730
<b>TOTAL</b>	<b><u>\$800</u></b>	<b><u>\$478</u></b>	<b><u>\$1,830</u></b>

New appropriations in the Centerville Area dedicate \$1.10 million for funding of street and sidewalk improvements along Joseph Street, including the costs of right-of-way acquisition. Additionally, the Agency is proposing to invest \$730,000 for undergrounding of utilities on Peralta Boulevard.

**Irvington:** The Bay Street Streetscape and Parking Project is one of the cornerstones of Irvington’s revitalization. Construction of the parking lot has been completed, and will be followed by utility undergrounding and streetscape improvements in 2009/10. This project will transform the street environment of a three-block stretch of Bay Street to support existing and create new commercial and residential mixed uses, and encourage investment in and around the Five Corners area.

Project Name	(Dollars in Thousands)		
	FY 2008/09 Appropriations	Estimated Actual 6/30/2009	Proposed FY 2009/10 Appropriations
Bay Street Streetscape and Public Parking	\$5,219	\$3,511	\$644
Greenbelt Gateway along Grimmer Boulevard	300	33	330
<b>TOTAL</b>	<b><u>\$5,519</u></b>	<b><u>\$3,544</u></b>	<b><u>\$974</u></b>

New appropriations in the Irvington Area for FY 2009/10 total \$974,000. These new appropriations will provide an additional \$644,000 for completing the utility undergrounding and streetscape improvements on Bay Street and an additional \$330,000 to develop a landscaped pedestrian and bike path for the Grimmer Boulevard Greenbelt Gateway project. This additional funding will be utilized for the development of the preliminary design, cost estimates and a construction phasing plan.

**Niles:** The Niles Town Plaza, or former Union Pacific (UP) property, remains the focal point of redevelopment efforts in the Niles Project Area. Approximately \$7.5 million has already been appropriated for property acquisition, environmental testing, and onsite remediation, which have all been completed since the 5.25-acre site was first envisioned as the future Niles Town Plaza in the heart of the historic commercial district. Utilizing previously allocated funding and a new appropriation of \$700,000, all work on the plaza is scheduled to be completed by the end of 2009.

Project Name	(Dollars in Thousands)		
	FY 2008/09 Appropriations	Estimated Actual 6/30/2009	Proposed FY 2009/10 Appropriations
Niles Town Plaza Site Design, Development and Construction	\$7,471	\$4,609	\$ 700
Phase 2: UP Site Redevelopment	750	100	3,500
Niles Canyon Railway Pedestrian Access Way: Options, Design and Construction	450	259	500
Streetscape Improvements: H Street	200	50	150
Quarry Lakes/Niles Beach	4,075	4,065	60
Niles Boulevard Roadway Improvements	250	50	44

Project Name	(Dollars in Thousands)		
	FY 2008/09 Appropriations	Estimated Actual 6/30/2009	Proposed FY 2009/10 Appropriations
Niles Historic Alleys	50	20	10
<b>TOTAL</b>	<b><u>\$13,206</u></b>	<b><u>\$8,995</u></b>	<b><u>\$4,964</u></b>

The single largest appropriation of \$3.5 million in FY 2009/10 for the Niles area is allocated to the redevelopment of UP Phase 2. Specifically, this funding is for the acquisition of two City-owned parking lots, remediation and studying of future development potential. A new appropriation of \$500,000 is proposed for the Niles Canyon Railway Pedestrian Crossing, in order to identify three crossing alternatives, assess feasibility and prepare cost estimates for the area between the Niles Canyon Railway platform and the Niles historic commercial core. Other appropriations include funding for the design of streetscape improvements along H Street and roadway improvements along Niles Boulevard.

**All Redevelopment Project Areas:** New appropriations requested for FY 2009/10, for all redevelopment project areas, totals \$300,000. This new funding will be used to continue and complete work on the Redevelopment Plan Amendment to raise the current revenue cap on the collection of property tax increment from the Industrial Area.

**Project Appropriations Plan:** The Project Appropriations Plan serves much the same purpose for the Redevelopment Agency that the Capital Improvement Program (CIP) serves for the City. It is a method of authorizing appropriations for specific projects, which remain in effect for the duration of the projects. The Project Appropriations Plan only includes projects with new appropriations requests. It is not a complete list of all Redevelopment Agency projects. The Project Appropriations Plan for FY 2009/10, described in some detail above, is summarized below:

Description	Proposed FY 2009/10 Appropriations (Dollars in Thousands)
Non-Housing:	
Centerville	\$1,830
Irvington	974
Niles	4,964
All Project Areas	<u>300</u>
Subtotal: Non-Housing	8,068
Housing	<u>5,250</u>
<b>TOTAL</b>	<b><u>\$13,318</u></b>

**Findings Regarding the Project Appropriations Plan:** No additional legal findings regarding Agency contributions to the cost of public improvements are required to be made this year. The Agency Board has already made the following findings for all of the affected projects included in the Project

Appropriations Plan: (1) the improvements benefit the Redevelopment Project Area; (2) there is no other reasonable means of financing the improvements; and (3) the improvements will assist in the elimination of blight and are consistent with the Implementation Plan (Health & Safety Code Section 33445).

**Findings Regarding Administrative Expenses for Affordable Housing Activities:** The Redevelopment Agency Board must make a determination that planning and administrative expenses are necessary for the production, improvement, or preservation of low and moderate income housing (affordable housing). The total salaries, benefits, and operating expenditures of the proposed annual operating budget for the Affordable Housing Fund, including both direct project costs and administrative support costs, are \$1.01 million, which is approximately 16% of the \$6.3 million total proposed expenditures for operations, capital projects and programs. This is a necessary level of planning and administrative expenses to support Redevelopment Agency programs to produce, improve, and preserve affordable housing. Planning and administrative expenditures for the FY 2009/10 represent a slightly higher percentage of all project expenditures than in previous years, because the Agency is in the process of completing two housing projects currently underway (Eden/Peralta senior housing development and Main Street Village project) and is not allocating any new funding to future projects, due to the financing constraints imposed by reaching the Industrial Area Revenue Cap in FY 2011/12. However, once the Plan Amendment goes into effect, the Agency will be able to dedicate significant additional resources for the production of affordable housing. As a result, the Agency's affordable housing planning and administrative expenditures will represent a significantly lower percentage of overall projects, consistent with previous years.

**ENCLOSURE:** [Exhibit 1 - Redevelopment Agency Proposed Operating Budget FY 2009/10](#)

**RECOMMENDATIONS:**

1. Hold a public hearing.
2. Provide direction as needed on issues pertaining to the FY 2009/10 proposed Redevelopment Agency budget.

## **5.1 Report Out from Closed Session of Any Final Action**

## 5.2 CENTER THEATER: CENTER THEATER PRESERVATION GROUP AND VENUETECH PRESENTATION

### Presentation of Business Plan Jointly Prepared by the Center Theater Preservation Group and the VenueTech Management Group for the Center for Investment in the Arts and Further Discussion of Future Plans for the Center Theater

#### Contact Person:

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**Executive Summary:** At the June 26, 2007 meeting, the Agency Board authorized staff to enter into a contract with VenueTech Management Group, Inc., on behalf of the Center Theater Preservation Group (CTPG), to develop and begin to implement a work plan for implementation of the Center Theater Project. A primary objective of the workplan was to develop a model for reuse of the Center Theater which would not require an annual operating subsidy. VenueTech has submitted its work product, and has proposed that the Center Theater be operated as The Center for Investment in the Arts. At the June 26, 2007 meeting, staff was also directed to conduct a feasibility study of current performing arts venues and the Center Theater's context among those venues. The results of that study were presented at the Agency work session on April 21, 2009. At that time, the Agency Board expressed interest in hearing the CTPG/VenueTech proposal. Tonight's presentation will include the results of that collaborative effort.

**BACKGROUND:** In early 2001, the City of Fremont Redevelopment Agency provided a grant to fund a study of the future of the Center Theater. A business plan was developed by VenueTech Management Group, Inc., and provided to the Agency Board as an informational item in March 2003. This report outlined a detailed step-by-step approach to serve as a planning and implementation mechanism for approximately five years of the project. The plan identified critical action items that required the participation of the CTPG in order to develop organizational readiness and ensure the success of the project.

The CTPG initiated work on each of the action items in the plan, and made some progress. However, in 2007, the CTPG acknowledged that it had not been able to build the necessary organizational structure or raise adequate funding and secure commitment from primary users, nor work with the property owner to renovate the theater, and asked the Agency Board for the assistance of VenueTech in meeting these goals. At its June 26, 2007 meeting, the Agency Board authorized an agreement with Venue Tech to move the project forward. Funding was proposed in the form of a service agreement with VenueTech in an amount not to exceed \$109,200.

While VenueTech was under contract with the Agency, it worked directly with CTPG. A set of goals were developed, and it was agreed that the CTPG would meet these goals within a year in order to continue any further discussions and activities by the Agency on the project.

The goals included:

- A. Develop an Operating or Partnership Agreement** – CTPG, with assistance from VenueTech and Agency staff, was to develop a Memorandum of Understanding (MOU) designed to articulate the parameters of how the Theater would be “owned and operated” if it were successfully purchased and developed.
- B. Fundraising Campaign** – CTPG, VenueTech, and Agency staff were to determine the amount necessary for an endowment to fund the on-going operations of the Theater. After this goal was established, a “silent fundraising campaign” was set to begin with funds dedicated to the Theater Endowment Fund (to fund future Theater operations). This mutual commitment was critical to ensure the Center Theater would be able to operate without the use of City or Agency funds.

In the process of meeting these goals, a new concept surfaced, which is fully supported by the CTPG.

**DISCUSSION:** VenueTech and CTPG have developed a business plan for a concept called the Center for Investment in the Arts, which envisions building alliances between artists and arts organizations and individuals and businesses committed to funding artistic and creative development. The 400-seat theatre would be renovated to provide a venue for cultural programming, performing arts, entertainment, film, and other activities. The exposed stage would allow artists to create flexible environments. A new building to the rear of the theater would house a Cultural Arts Resource Center, which would provide office space for arts organizations, with exhibit and rehearsal space.

VenueTech also completed several other significant deliverables: tax exempt status clarification, a capital campaign resources list, capital campaign policies and materials, a volunteer manual, a CTPG website, primary partner criteria, and cost estimates. A public relations plan was developed to promote the new concept; however, the CTPG advised Agency staff that it was encountering difficulties in achieving its fundraising goals (setting up a \$3 million endowment) since it did not have site control of the Center Theater. In addition, the MOU was not completed. The new plan is being presented to you at tonight’s meeting.

**ENCLOSURE:** [Business Plan](#)

**RECOMMENDATION:** Staff recommends that the Agency Board receive the business plan and provide input to staff. Next steps could include:

1. Continue meetings with the CTPG and other interested members of the community to review concepts and the associated estimates of construction and operating costs to determine viable alternatives.
2. Seek input from potential operators to assist in evaluating interest in the concepts.